

FISCAL NOTE

SB 1503 - HB 1252

April 17, 2001

SUMMARY OF BILL: Creates the *Tennessee Millennium Trust Act* which:

- Creates a special trust fund in the State Treasury to be known as the Tennessee Millennium Trust.
- Requires all payments received by the state pursuant to the Tobacco Master Settlement Agreement be deposited in the trust fund. These payments constitute the principal of the trust and shall not be expended or appropriated for any purpose nor shall any portion of such principal be proposed or recommended by the governor for expenditure.
- Provides that expenses for administration of the trust fund may be paid from interest or income received on the principal of the trust.
- Provides that any expenditure of interest or income received on the principal of the trust must be made through specific appropriations in each general appropriations act.
- Earmarks interest accumulated from the corpus of the trust as follows:
 - 50% of such interest shall be available for grants to health care providers to offset losses incurred in providing health care services on behalf of persons enrolled in programs outlined in Title 71, Chapter 5, or for other health care-related purposes. These funds shall be referred to as the Health Reserve Account.
 - 50% of such interest shall be used to assist agriculture-related purposes. These funds may be used to provide, among other things, the following assistance: 1) Community incubator programs for tobacco-dependent communities; 2) Studies on the economic consequences of the elimination of quotas and the potential for alternative cash crops and other matters that affect tobacco growers. 3) Indemnify tobacco farmers for the decline or elimination of tobacco quotas. These funds shall be referred to as the Agricultural Reserve Account.
- Creates an Agricultural Fund Committee composed of five members of the House of Representatives, to be appointed by the Speaker of the House; five members of the Senate, appointed by the Speaker of the Senate; Commissioner of Finance and Administration; Commissioner of Agriculture; Commissioner of Health, and Commissioner of Education. Requires the committee to make recommendations no later than January 15th of each calendar year, regarding uses and expenditure of funds in the agricultural reserve account until such funds are fully depleted.

SB 1503 - HB 1252

- Creates a Health Fund Committee to be composed of five members of the House of Representatives, appointed by the Speaker of the House; five members of the Senate, appointed by the Speaker of the Senate, Commissioner of Finance and Administration; Commissioner of Agriculture; Commissioner of Health; and Commissioner of Education. Requires the committee to make recommendations, no later than January 15th of each calendar year, regarding uses and expenditures of funds in the health reserve account until such funds are fully depleted.

ESTIMATED FISCAL IMPACT:

Increase State Expenditures - Not Significant

Other Fiscal Impact - Restricts the use of any tobacco settlement funds, estimated to be in excess of \$350,000,000 in FY00-01, by establishing a trust fund for all such funds and restricting expenditures to interest earnings only.

Estimate assumes the Departments of Treasury, Health, and Agriculture will use existing staff and resources to administer the provisions of this bill.

CERTIFICATION:

This is to duly certify that the information contained herein is true and correct to the best of my knowledge.



James A. Davenport, Executive Director